



TREASURY ECONOMIC UPDATE 5.2.08

"Today's employment report indicates that the U.S. economy continues to work through substantial challenges from the housing adjustment, high energy and food prices, and financial market conditions. The Treasury Department sent out 7.7 million economic stimulus payments to American households this week, and the payments will continue through mid-July. These payments, combined with the business investment incentives also included in the stimulus package, will provide significant support to household and business spending in the middle of the year."

Assistant Secretary Phillip Swagel, May 2, 2008

Employment Fell in April:

Job Growth: Payroll employment fell by 20,000 in April, following a decrease of 81,000 in March. The United States has added 8.0 million jobs since August 2003. Employment increased in 39 states and the District of Columbia over the year ending in March. *(Last updated: May 2, 2008)*

Low Unemployment: The unemployment rate was 5.0 percent in April, down from 5.1 percent in March. *(Last updated: May 2, 2008)*

Signs of Economic Strength Include Exports and Low Inflation:

Exports: Strong global growth is boosting U.S. exports, which grew by 9.5 percent over the past 4 quarters. *(Last updated: April 30, 2008)*

Inflation: Core inflation remains contained. The consumer price index excluding food and energy rose 2.4 percent over the 12 months ending in March. *(Last updated: April 16, 2008)*

The Economic Stimulus Package Will Provide a Temporary Boost to Our Economy:

The package will help our economy weather the housing correction and other challenges. The Economic Stimulus Act of 2008, signed into law by President Bush has two main elements—temporary individual tax relief so that working Americans have more money to spend and temporary tax incentives for businesses to invest and grow. Together, the legislation will provide about \$150 billion of tax relief for the economy in 2008, leading to the creation of over half a million additional jobs by the end of this year. *(Last updated: February 29, 2008)*

Pro-Growth Policies Will Enhance Long-Term U.S. Economic Strength:

We are on track to make significant further progress on the deficit. The FY07 budget deficit was down to 1.2 percent of GDP, from 1.9 percent in FY06. Much of the improvement in the deficit reflects strong revenue growth, which in turn reflects strong economic growth. Looking ahead, higher spending on entitlement programs dominates the future fiscal situation; we must squarely face up to the challenge of reforming these programs.

www.treas.gov/economic-plan